

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NO PROTEST RECEIVED
Release copies to District

Date

Surname

Date:

SEP 19 2000

Contact Person:

ID Number:

Telephone Number:

Employer Identification Number:

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(4). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

The information submitted indicates that you were incorporated on [REDACTED] under the laws of state of [REDACTED].

Your primary activity involves the provision of funeral assistance to your members, some of whom are senior citizens and/or low-income individuals. Your assistance covers funeral expenses for members up to \$[REDACTED]. From this amount, up to \$[REDACTED] is payable directly to the funeral home, with \$[REDACTED] payable to the member or his or her beneficiary for their personal funeral expenses.

You represent that membership is available for a one-time fee. You further state that the membership fee may be waived, in part, or in whole for those unable to pay it. Members have full voting rights and are eligible to serve on the Board of Directors.

Section 501(c)(4) of the Code provides for the exemption from federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the community. An organization embraced in this section is one that is operated primarily for the purpose of bringing about civic betterments and social improvements.

Revenue Ruling 75-199, 1975-1 C.B. 160, provides that a nonprofit organization that restricts its membership to individuals of good moral character and health belonging to a particular ethnic group residing in a stated geographic area and provides sick benefits and death benefits to their beneficiaries is not exempt under section 501(c)(4) of the Code. The ruling further provides that where the benefit from an organization is limited to that organization's members (except for some minor and incidental benefit to the community as a whole), the organization is not operated exclusively for the promotion of social welfare within the meaning of section 501(c)(4) of the Code.

[REDACTED]

Revenue Ruling 81-58, 1981-1 C.B. 331, provides that a nonprofit police officer association whose primary activity is providing lump-sum retirement payments to its members or death benefits to their beneficiaries does not qualify as a social welfare organization.

Like the organization in Revenue Ruling 75-199 and 81-58, your primary activity is to provide death benefits to your members or to the beneficiaries of your members. Hence, you are operated as essentially a mutual, self-interest type of organization. Your income is used to provide direct economical benefit to members. Although many participants in your program are senior citizens and low-income individuals and there may be incidental benefit provided to the larger community, the fact remains that the primary benefits are limited to your membership. You, therefore, are not operated primarily for the promotion of social welfare.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(4) of the Code and you must file federal income tax returns.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views to this office, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio Tax Exempt and Government Entities (TE/GE) office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll-free number) or sending correspondence to: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201.

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
[REDACTED] T:EO:RA:T:4, RM 6236
1111 Constitution Ave, N.W.
Washington, D.C. 20224

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Gerald V. Sack

Gerald V. Sack
Manager, Exempt Organizations
Technical Group 4